

# **MINUTES OF THE CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

**September 24, 1996**

The Capital Projects and Bond Oversight Committee met on Tuesday, September 24, 1996, at 1:00 p.m., in Room 129 of the Capitol Annex. Representative Robert Damron, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Robert Damron, Chairman; Senators Tom Buford and Denny Nunnelley; Representatives Jim Maggard, Tommy Todd, and Jim Wayne.

Guests: Bill Hintze, Ron Carson, Roger Burge, Allen Holt, Beth Jurek, Paula Moore-Carson, Governor's Office for Policy and Management; Commissioner Armond Russ, Department for Facilities Management; Kim Blitch, John Covington, Office of Financial Management and Economic Analysis; Secretary John McCarty, Finance and Administration Cabinet; George DeBin, Ken Clevidence, Mary Allen, University of Kentucky; Melanie Bailey, Natural Resources and Environmental Protection Cabinet; Joe Ewalt, Lexington-Fayette Urban County Government; Glenn Mitchell, Donnie Wainscott, Richard Sutherland, Transportation Cabinet; Secretary Ann Latta, Tourism Development Cabinet; Bob Bender, Department of Parks; R.M. Burnett, Fiscal Agent, Jefferson County Schools; Karen Garrison, Kentucky Association of Counties; G. Dewey Yeatts, Murray State University; John Kilkenny, Administrative Office of the Courts.

LRC Staff: Mary Lynn Collins, Pat Ingram, Scott Varland, Esther Robison, Jonathan Downey, Don Cetrulo, Jack Affeldt, Linda Bussell, Don Judy, Linda Kubala, Nancy Osborne, Dan Risch, Doug Teague.

Press: Kentucky Educational Television.

Chairman Damron said the minutes for the August meeting would be submitted for approval at the October meeting. He said several correspondence items were provided:

2. An annual report from the Department of Parks concerning the status of the Parks Capital Maintenance and Renovation Fund.
3. The Kentucky Lottery Corporation's financial report for July 1996.

First under Old Business was consideration of proposed Committee policy on future unbudgeted projects to be funded with private donations. This issue arose during the August meeting when the Committee reviewed a situation where Western Kentucky University, believing it would receive a private donation to pay for an unfunded project, moved forward on the project and then learned there was a misunderstanding and there was to be no donation. Chairman Damron said the Committee was concerned about what assurances exist when private donations are promised with no written confirmation, and Representative Wayne, at the August meeting, proposed a policy for the Committee to consider - that the Committee require any future request for authorization to use private donations for capital projects be accompanied by certification of the donor's intent. The Committee directed the proposed policy be submitted to Secretary John McCarty, Finance and Administration Cabinet, for his review. Chairman Damron said Secretary McCarty had responded by letter and was present to discuss the proposal.

Secretary McCarty said, as he outlined in his letter to the Committee dated September 12, 1996, he was in agreement with the policy proposed by Representative Wayne, which would require certification to the Finance Cabinet that private donations are in hand. He said the policy clearly delineates the Committee's intent and purpose. It lays out very clearly guidelines that everyone will operate under in the future. He said he believed the policy will work well for all parties concerned.

Representative Wayne moved that the Committee accept the policy, that "the Committee require that any future request for authorization to use a private donation for an unbudgeted project or an increased project scope be accompanied by certification that the donor has confirmed in writing both the donation and a schedule for receipt of that donation." Representative Todd seconded the motion, and Chairman Damron asked for any discussion.

Senator Buford expressed his concern that this policy may need to be in the form of a statute. He said he was not sure the Committee could mandate that a university have written confirmation of a donation. Secretary McCarty said the intent was not to restrict any entity's use of private funds. He said an individual could still say he or she

Chairman Damron said the university president involved in the situation discussed in the August meeting indicated support for the policy and it gives the universities a mechanism to ensure a donation will be forthcoming.

Representative Maggard said he knew of instances where contributions were given by individuals who preferred their contributions be kept confidential. He said he feared anonymous donors would be hesitant to make private donations if they had to put this donation on record or made public. Chairman Damron said the policy does not state that this information must be released, only that there must be written confirmation that the contribution will take place.

Senator Buford asked if this policy contained wording which would prohibit distribution of confidential information. He said there were many people who would prefer their name not surface at all. Chairman Damron said he understood the certification only says an individual has pledged the funds; it does not list who the certification is signed by. Secretary McCarty agreed, saying there is nothing in the policy which would require the university to disclose anything other than they are certifying to the Finance and Administration Cabinet that they have, in writing, confirmation of these contributions subject to whatever terms and conditions the donor may have set. Senator Buford said he was concerned that once a university announced a donation, the news media would attempt to discover the donor's name. He asked if there was any way this policy would protect that information. Chairman Damron said regardless of the policy, at the time the university requests authorization from the Committee for an unbudgeted project, the university has to indicate the fund source and if it is an anonymous donor, that must be noted.

Chairman Damron then asked for the vote on the motion. The motion passed by voice vote, with Senator Buford voting against the motion.

The first item of New Business was a status report on EMPOWER Kentucky, provided by Crit Luallen, Secretary of the Governor's Cabinet and Chair of the EMPOWER Kentucky Redesign Steering Committee; Ron Bingham, Project Manager; and Bill Hintze, Deputy State Budget Director.

Secretary Luallen said Governor Patton recommended this effort during the last session of the General Assembly as a way to examine state government with an eye toward increasing efficiency in ways that would result in enhanced savings as well as

its leadership. Lexmark agreed to loan Kentucky its top re-engineering professional, Ron Bingham.

Secretary Luallen said an executive group of 5 cabinet secretaries meets on a weekly basis with her and Mr. Bingham to ensure there is a continuing level of cabinet involvement and support across the various agencies affected the most by EMPOWER Kentucky. She said the program has already uncovered tremendous opportunities to increase the efficiency of state government and identify the kinds of significant financial gains that had been hoped for. The Governor committed the program to identifying and producing \$50 million in annual recurring savings.

She said the Redesign Steering Committee has met twice and will continue to meet during the Fall on a regular basis. The final plan will be finished December 15. This will be a blueprint which will outline in detail all of the technology initiatives to be funded. She said she sees great potential for this project to become a permanent part of state government. The idea that the state should be constantly looking for ways to increase efficiency has tremendous potential for the long-term, based on what has been learned this year. She said the employees who have been involved in this effort have been extremely enthusiastic. There is a team across state government of about 200 employees who are trained and are working every day on this initiative. She then asked Mr. Bingham to update the Committee on the activities of these team members.

Mr. Bingham said the project must be employee driven; all EMPOWER Kentucky projects must be developed by the employees who are familiar with the processes involved in that change and will be committed to the change. It is process-oriented and there may be cases where the initiative moves across cabinet lines or there may be skills from one cabinet needed to do the analysis in another cabinet. Dollar savings and customer satisfaction are also important. Mr. Bingham said he is constantly in touch with these teams to make sure the citizen benefits are in mind at all times. There is a team assigned to each process and the team leader is designated as the process owner. There is a communication team which includes a member from each cabinet so information is getting to as many employees as possible. Process-owners meet bi-weekly as a team to compare the tools being used and to share methods and ideas. The communication team meets bi-weekly and the leadership team meets weekly to confront issues such as priorities and resources. The steering committee is scheduled to meet each month for the rest of the year.

determined to be unnecessary and eliminated, freeing up the social workers' time for more important tasks. He noted these "quick-wins" are primarily little to no-cost changes that generate strong feedback from constituents and employees, who are able to see the benefits of the changes.

In response to a question from Representative Maggard, Mr. Bingham said even though the changes brought about by EMPOWER Kentucky would result in some staff reductions, this would occur over time. Secretary Luallen added it was hoped that most of the reductions will take place through attrition.

Representative Wayne stated during the last session he had sponsored House Bill 264, which dealt with energy efficiency in state government buildings. He asked if the EMPOWER Kentucky initiative had considered a tie-in with this bill. Mr. Hintze replied that the Finance and Administration Cabinet and the Department for Facilities Management constantly monitor for energy efficiency opportunities during design and construction of state capital projects. One example of this is the Kentucky History Center, which is currently under construction. There are many options available during construction which will save money in the long run through energy efficiency. Mr. Hintze said there is not a specific staff or appropriation set aside to examine these issues, but it is a policy thread that these standards are incorporated on all ongoing construction projects.

Senator Buford said he believed EMPOWER Kentucky should also examine the potential of the state owning more of the facilities it now occupies. He said any future buildings should be constructed in such a way as to provide energy efficiency and savings in equipment repair and replacement. He said he would like for the initiative to study the benefits of ownership over leasing.

In response to a question from Representative Todd, Mr. Bingham stated there are some similarities between government and business: both must be attentive to customer service; however, government is a public institution and it is here to serve and to maintain the laws of the Commonwealth. He said there will be more measurements added to see how long certain processes take and the costs involved.

Chairman Damron asked Mr. Bingham to explain how the savings will be documented from the initiatives to be funded. Mr. Bingham said when the savings are captured, the process owner and the Secretary of the Cabinet sign off on the

initiative in some manner into state government. She said one example of a future focus of the initiative could be the area of capital construction.

Chairman Damron said one benefit of the initiative was the removal of some of the levels of bureaucracy that slow down the process of government. Secretary Luallen commented that there is often a step added to a process but no method for removing unnecessary steps. Noting the Committee's oversight function, Chairman Damron said he hoped that Secretary Luallen and Mr. Bingham would keep the Committee informed not only of initiatives funded, but also any processes changed that relate to state capital construction and procurement.

The next item of New Business was an update on the Commonwealth Convention Center Expansion Project presented by Harold Workman, President and CEO of the State Fair Board; Carleton Godsey, the lead architect for the project, with Godsey Associates in Louisville; and Mr. Hintze. Several drawings were displayed depicting the design of the expansion project. Mr. Workman said the project has been constantly evolving over the past 2 years as the various groups who have input on the Convention Center made recommendations. The needs of the local community and private individuals who work in the downtown area were also taken into account. He said the current Center's facade has never been popular with the local community and there is interest in making modifications to the outside of the structure.

Mr. Workman stated the current budget for the project is \$56.5 million, of which \$25 million is state bonds and \$31.5 million are local bonds that were sold through the Louisville Convention and Visitors Bureau. (Based on a privately-funded scope increase approved by the Committee in November 1995, the project's authorized scope is actually \$58 million.) Any additional local funding that might arise will come before the Committee for its approval.

Mr. Godsey gave a short presentation on the expansion project. He said the convention center would span over Third Street in downtown Louisville. There will be 146,000 sq. ft. of continuous, column-free exhibit space on the second level, backed by an elevated truck loading dock and by public lobbies that interlock with the existing center. There are 20 fire stairways to handle the approximately 17,400 people that could occupy the exhibit hall. On the ground level, half of the existing exhibit space is being transformed into a 30,000 sq. ft. ballroom, leaving another 50,000 sq. ft. of exhibit hall. On the lower level of the new block, there will be approximately 30,000 sq. ft. of

in use. He said a private company has submitted a proposal to provide a parking area under the Convention Center, and the company was asked to prepare a financial plan. He said while the plan is only sketchy at this time, the proposal does not look promising. He emphasized that the company initiated the contact, and the Fair Board had not solicited proposals for parking facilities.

Chairman Damron asked how far the bidding process has progressed. Mr. Workman said this project is being bid in 32 separate packages. Mr. Godsey said there was some concern about the project's budget because some other project bids such as the Louisville football stadium are coming in over budget. He noted that, in the Louisville area, there are over \$200 million worth of projects currently being bid or in construction. The convention center's first major bid package, the site-preparation package, will be opened October 8, 1996. These packages are structured in such a way that when Package No. 26 is bid, it will be clear whether sufficient room remains in the budget to bid the remaining packages.

In response to a question from Chairman Damron, Mr. Godsey stated he did not believe prevailing wage will have an impact on this project. He said the size of the project dictates use of contractors that pay union wages. Chairman Damron asked if the renovations to the existing portion of the Convention Center will be completed within the current budget. Mr. Workman said there may be a need for further monies for the project, particularly as it relates to the exterior renovation of the building. To address the desires and needs of the local citizens to make the existing structure more attractive, an additional \$7 million may be required. If funds can be raised through local bonds, the State Fair Board will come back to the Committee and request a scope increase for the project. In response to a question from Chairman Damron, he said some of the cost increase is due to Louisville's refusal to close Third Street, but some of the increase is associated with the tunnel to be built under Third Street which is needed for food service and operations. He stressed the goal is to pay for any needed increase strictly from local bonds with no additional money from the General Assembly.

Representative Wayne requested further information on the timetable for the bidding process. Mr. Godsey said one package will be bid each month. In response to further questioning, Mr. Workman said the citizens' committee that met with the State Fair Board offered many suggestions last year before construction began. While there will be no additional meetings with this citizens' committee to discuss new ideas, he said there will be a meeting to update the local committee on the progress of the

Chairman Damron thanked Mr. Workman, Mr. Godsey, and Mr. Hintze for their presentation.

The third item of New Business concerned a University of Kentucky (UK) project - the fit-up of shelled space in the Medical Research Building, first authorized by the 1994 General Assembly at a scope of \$2,300,000 (Restricted Funds). The 1996 General Assembly reauthorized the project at a scope of \$3,400,000 (Restricted Funds). Mr. George DeBin and Mr. Ken Clevidence from the University explained UK's request to increase the scope of the project. Mr. DeBin said this was the final phase of the health research building. The project consists of a fit-up of a basement shell space to house animals, surgical suites, and pathology laboratories. The project was packaged with 3 additive alternates. These alternates include elements of the security system, surgical equipment, and fit-up of the pathology laboratory. Inclusion of these elements is considered imperative for a functioning program. Once construction has begun, these alternates cannot be added. The University of Kentucky was requesting approval to increase the project scope by \$510,000 (15%), for a new total scope of \$3,910,000. Mr. DeBin said this increase would be paid from agency funds and would not jeopardize any other existing project in which agency funds were to be used. Representative Maggard moved that the increase be approved. Representative Todd seconded the motion, which passed by unanimous voice vote.

The next item on the agenda was the bond activity report from the Office of Financial Management and Economic Analysis (OFMEA). Mr. John Covington of Kentucky Infrastructure Authority (KIA) reported 5 new loan projects. First was a proposed loan of \$725,768 from KIA's Fund A (Federally Assisted Wastewater Revolving Loan Fund) to the City of Jackson, Breathitt County. The project will rehabilitate the City's sewer lines to correct inflow and infiltration problems, as Phase 2 of a project to upgrade the City's sewer system. (In 1989, the City was approved for a \$1.7 million Fund A loan for improvements at its sewer treatment plant.) The new KIA loan will be at 1.8% (hardship rate) for 20 years. The total cost for the project is \$727,268, including \$1,500 in local funds. Sewer rates will increase approximately 22% for an average monthly residential bill of \$34.32/6,000 gallons.

Also reported was a proposed loan of \$300,000 from KIA's Fund B (Infrastructure Revolving Loan Fund) to the City of Corbin, Whitley and Knox Counties, to upgrade 2 pump stations and sewer lines in the northern part of the City. This project is necessary



A loan of \$2,300,000 from Fund C (Governmental Agencies Program Loan Fund) was proposed for the City of Mt. Vernon, Rockcastle County, for a project to increase the City's water treatment plant capacity, construct a 12-inch main, construct an elevated storage tank, and relocate and expand an existing booster station. No new customers are anticipated at this time. The project will provide needed distribution and treatment capacity for the City and its 4 wholesale district customers. Funding for this \$4,507,000 project also includes a \$950,000 US Rural Development loan, a \$750,000 US Rural Development grant, a \$500,000 community development block grant (CDBG), and \$7,000 in local funds. The Fund C loan will be at 7% for 30 years, and Mt. Vernon will be required to provide an irrevocable letter of credit to KIA sufficient to cover the Fund C loan through construction and one year beyond project completion. The City is proposing a 55% increase in water rates in conjunction with this project, for new residential rates at 4,000-gallon usage of \$11.16 in City and \$15.87 outside of City.

The next project involved a \$22,500 Fund E loan (Solid Waste Revolving Fund) to the Russell County Fiscal Court, to construct a building at the county-owned solid waste transfer station to store recyclable materials. The total project cost is \$27,500, including \$5,000 in local funds. The Fund E loan will be at 3% for 5 years.

The final project involved a Fund E loan of \$150,000 to the City of Richmond, Madison County, for closure of the city's landfill. The total project cost is \$1,122,500, including \$972,500 in local funds.

Chairman Damron stated these projects require action by the Committee and approval should be subject to any conditions stipulated by KIA. Representative Maggard moved to approve the 5 new loan projects, subject to KIA stipulations. Representative Todd seconded the motion, which passed by unanimous voice vote.

Mr. Covington reported amendments to 2 previously approved KIA loan projects. The first was a project of the City of Irvine, Estill County, to upgrade the City's existing wastewater treatment facility and extend sewer service. The Committee approved the original project's Fund A loan of \$940,000 on a \$2,155,000 project in September 1993; and, in April 1995, the Committee approved an increase of \$491,283 (55%) for the Fund A loan. Mr. Covington said based on the low bid KIA has now approved another loan increase of \$237,280 (16.6%). The revised loan amount is \$1,668,563; the new total project cost is \$2,883,563.

Representative Todd moved to approve the 2 KIA loan amendments. Representative Wayne seconded the motion, which passed by unanimous voice vote.

Mr. Covington reported a reapproval for a Kentucky Turnpike Water District, Division II project. This project was originally approved in February 1995 for a Fund C loan of \$1,264,930, and consists of water main extensions which will allow the district to provide service to customers who currently do not have water service, and to sell water to the North Nelson County Water District. This project was delayed due to negotiations between the 2 water districts. The Fund C loan amount is unchanged and still represents 100% of project funding.

Chairman Damron said the Committee has already approved the project, and since there are no changes in it from the previous approval, it was not necessary that the Committee take further action. He asked if any member of the Committee had any questions.

Representative Maggard said a few years ago the city of Jackson in Breathitt County received \$2.6 million to extend water lines in Breathitt County, to serve approximately 154 new customers. He said no action was taken on the project. He stated the local paper was reporting that a scaled-down project has now been applied for. He asked Mr. Covington if he had any knowledge of this scaled-down request. Mr. Covington said this was not a project he had worked on directly, but the project was split in 2 parts. The first part, which was the water treatment plant, has been completed. Representative Maggard said the commitment on the second part has expired and asked if it had been reapplied for. Mr. Covington said he was unaware of any reapplication.

Representative Maggard said one of the biggest problems facing Kentucky in rural areas is the lack of public water service, particularly in coal producing areas. It is his understanding that under pending federal legislation, Kentucky will receive about \$63 million in federal funds over the next 7-9 years to help run water into these areas. He said \$63 million would not take care of all the water problems that exist in the rural areas of Kentucky. According to program guidelines, the federal money can be used as leverage money, and he said that he feels the state should consider a rural water bond issue in order to solve these problems. He said he would propose that the state establish such a bond program, using the \$63 million as leverage money and further funds would have to be approved by the General Assembly.

and to replace the roof at another school. It does not require any local tax increase, and all the disclosure information that is required has been submitted. Chairman Damron said this does not require action by the Committee. He said there were also updated monthly and weekly debt issuance calendars in the Committee's information packets.

Chairman Damron said the final item on the agenda was the project report submitted by the Finance and Administration Cabinet. Mr. Hintze and Commissioner Russ of the Department for Facilities Management presented the projects. The first of the reports concerned a proposed agency-funded cost overrun for Murray State University's Old Fine Arts Building Renovation Project. Mr. Hintze said this is a project that has been before the Committee in several times in recent years. (The 1990 General Assembly authorized the bond-funded project at a scope of \$3.5 million and the 1992 General Assembly reauthorized it. In June 1994, the Committee approved a cost overrun of \$450,000, a 13% increase. Shortly after work began, a fire broke out in the construction area causing fire and water damage in the Old Fine Arts Building and 2 adjacent buildings. To date, the Committee has reviewed allocations totaling \$1,530,000 from the state's emergency account for damages relating to the fire.) Mr. Hintze said the Finance and Administration Cabinet was reporting today its approval of a cost overrun on the original renovation project, to be funded from agency receipts, as well as the Cabinet's approval for Murray to proceed with the project prior to Committee review. He said the Committee was aware of the companion project funded from the emergency fund due to the fire. He said the cost overrun will increase the project by \$75,000, bringing the total project scope to \$4,025,000. This increase represents a 15% increase when coupled with the June 1994 increase of \$450,000.

Mr. Hintze noted it was an unusual action taken in the Finance Cabinet allowing this cost overrun to proceed prior to the Committee's review. He said that Secretary McCarty, the Division of Engineering, the Department for Facilities Management, and Murray State University recommended and the Cabinet has proceeded with allowing the contractor on site to incorporate changes in the final project that needed to be done which will result in the cost overrun. He stated the Cabinet realizes that in most cases giving approval prior to Committee review is not permitted and they did not do it lightly. In this particular case, he noted, the contractor was already on site, and the building has been unusable now for several years. The Cabinet concluded it was not prudent to delay the project for 3-4 weeks pending Committee review. Therefore, the Secretary took the action that had been recommended and allowed the work to be incorporated

approval should not be used as a precedent in future cases. Representative Todd seconded the motion, which passed by unanimous voice vote.

Chairman Damron stated the next item was a project for the Division of Forestry in the Natural Resources and Environmental Protection Cabinet (NREPC). Mr. Hintze said NREPC had requested an allocation of \$200,000 from the state's emergency repair, maintenance and replacement account to replace the existing HVAC system in Forestry's Bert T. Combs Building in Pineville, Bell County. He said the HVAC is 33 years old and the original technology has been patchworked over time. He said this was an extraordinary request because, even though NREPC is a major cabinet of state government, it does not receive any regular maintenance funds or have a budgeted maintenance pool through the capital construction process. He said they have not needed one regularly, and have not had to undertake projects of any magnitude where the money could not be found. He said in this case the amount is a little excessive to fund within their resources. The Forestry Division was authorized to do some significant things in this upcoming biennium with some direct line-item appropriations that the Cabinet did not wish to divert to the building. As a consequence, the Finance and Administration Cabinet reviewed the Division of Forestry's budget and agreed to authorize an emergency, based on a problem that can only get worse.

Chairman Damron asked if consideration should be given to budgeting maintenance pools for the various cabinets that do not currently have them. Mr. Hintze said it would be appropriate to take a look at these major cabinets that have far-flung field operations and ongoing equipment needs. He said this would not have to be a large amount to set aside, but perhaps a certain sum to keep facilities and equipment in good order. In response to further questions from Chairman Damron, Mr. Hintze said there was a statewide maintenance pool approved for the first time in the 1996 Session that is available upon petition to the Finance Secretary for certain expenditures. He said this option was not raised in response to this particular initiative. Chairman Damron said allocations from the emergency account must be reported to this Committee but no action is required.

Mr. Hintze said the next item was a project that involves the Transportation Cabinet and the Parks Department in the Tourism Cabinet working jointly to renovate and repair the 11 wooden covered bridges in the state that are in a poor state of repair. The project was submitted to the Committee as an allocation of capital construction and equipment purchase contingency funds. Mr. Hintze said he would like to expand upon

10% (\$200,000) to be provided by the Transportation Cabinet from Road Funds (through their federal aid matching account), and if approved, 10% (\$200,000) from the Capital Construction and Equipment Purchase Contingency Account on behalf of the Parks Department. Mr. Hintze said there is a further division between the 2 cabinets which is significant: the Road Fund dollars in the Transportation initiative will be focused by statute, KRS 176.400, as well as policy, on those bridges that are open to vehicular traffic; the Parks Department will focus on the remaining projects and use the contingency account funds for tourism and historic attractions. The projects are scattered through 8 counties: Bourbon, Bracken, Fleming, Greenup, Lewis, Mason, Robertson, and Washington. All projects have been jointly recommended by both cabinets and the Governor.

Chairman Damron asked if there was any attempt to match the federal funds with local monies or if the local governments have been contacted to see how strongly they felt about the bridges and being involved. Mr. Hintze said he was not certain but historically the most local involvement has come about in the 2 bridges that have already been renovated: Switzer Bridge in Franklin County and a privately-owned bridge. The others have received little funding or attention and consequently, they are deteriorating. The Finance and Administration Cabinet is not optimistic that significant local involvement can be obtained, but it will not abandon efforts to gain local support, not only with respect to renovation, but perhaps also with ongoing care, support, and maintenance once they are renovated.

Chairman Damron noted the Department of Parks deleted a \$200,000 covered bridge renovation project from its 6-year capital improvements plan and asked if there was a reason. Mr. Bob Bender, Deputy Commissioner of the Division of Support Services, Department of Parks, said the request was deleted because there were so many other priorities within the Department of Parks and state parks that were higher priorities. For example, many of the projects funded by the 1994 Special Session for design only became high priorities in the Parks Department's capital construction budget request in the 1996 budget session. He said the Department has been aware for a number of years of the ongoing maintenance needs at the covered bridges that are closed to vehicular traffic. However, he said the most the Department has ever been able to spend on these bridges in any one year was \$25,000, which generally went to whichever bridge was determined to be in the worst condition.

Chairman Damron said his concern is that, whether we are spending \$2 million of

Representative Maggard said the covered bridges are a part of Kentucky's heritage that needs to be preserved and these bridges could return more money to the state as tourist attractions. He made a motion that this allocation be approved with the proviso that the Department of Parks and the Transportation Cabinet develop a maintenance plan for those bridges not currently being maintained by the Transportation Cabinet and report to the Committee within 60 days. Representative Todd seconded the motion. Chairman Damron asked for discussion.

Senator Nunnelley asked who was responsible for the upkeep on the Switzer Bridge in Franklin County. Mr. Bender said a covered bridge authority has been formed for each covered bridge closed to vehicular traffic. Franklin County has a covered bridge authority with a group of volunteers who have an annual fund-raising day. Volunteers and some of the members who live in the area clean up litter and care for the Bridge. The Department of Parks has provided to the covered bridge authority on 2 occasions \$25,000 from the maintenance pool. He said this Bridge is the only publicly-owned covered bridge that will not be part of this renovation program because it is in excellent condition. He also said the Department of Parks will return with a maintenance plan to present to the Committee.

Senator Nunnelley said his understanding was that several years ago, when the state developed the 80/20 bridge replacement program, the state would not allow new wooden bridges to be built. Representative Maggard replied that, according to the provisions of funds allocated from the 80/20 match, bridges must be constructed to architectural design with specific safety measures in mind. Mr. Richard Sutherland of the Transportation Cabinet replied that wooden bridges can be built, but the cost of building a wooden bridge to the proper specifications is much greater than building a standard bridge.

Chairman Damron said use of contingency funds to match federal funds for an unbudgeted capital project is permitted according to KRS 45.760 provided the proposed project is first submitted to the Committee. Having a motion for approval and a second, he then asked for the vote. The motion passed by unanimous voice vote.

Chairman Damron said staff had provided members with a collection of news articles concerning projects which may be before the Committee in the near future. He said that the next meeting would be held Tuesday, October 22, 1996, at 1:00 p.m. in Room 129 of the Capitol Annex.